

# **MOPANI DISTRICT MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE  
2010**

# Annual Financial Statements

for

## **MOPANI DISTRICT MUNICIPALITY**

for the year ended 30 June 2010

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

### **Contact Information:**

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**MOPANI DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**General Information**

**Members of the Council**

L J Matlou

**Executive Mayor**

T Mohlala

**Speaker**

M M Tembe

**Chief Whip**

M M Mkhabele

**Members of the Mayoral Committee**

T E Ndlovu

S Tindane

N V Mathonsi

T P Ramaremba

M N Makhurupetsi-Malatji

M O Moagi

TJS Simanda

**Members**

S X Valoyi

M A Rasekgala

P A Mangena

S V Mathye

N E Malatji

Y S Mathye

S S Letsoalo

M M B Selopyane

M G Makhurupetji

C Hlatshwayo

T J Malatji

K L Pilusa

Z Z Zitha

M A Makamu

M Q Mashatola

M P Matlou

M E Mafona

M M Maeko

P J Phanga'sasa Mkhabele

B Malekutu

T K Nukeri

M Mangena

S Tiba

M L Maloko

M Sibiya

M D Rakgwahla

P S Masetla

M J Mothiba

M Mathaba

S Molale

**Municipal Manager**

Maake M T

**Chief Financial Officer**

Mokgolobotho M M

**Grading of Local Authority**

4

**Auditors**

Auditor-General

**Bankers**

ABSA

**MOPANI DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**General information (continued)**

<b>Registered Office:</b>	Municipal Offices
<b>Physical address:</b>	<i>Government Building</i> Main Road Giyani 826
<b>Postal address:</b>	<i>Private Bag X9687</i> Giyani 826
<b>Telephone number:</b>	015 811 6300
<b>Fax number:</b>	015 812 4301
<b>E-mail address:</b>	tim@mopani.gov.za

**MOPANI DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 34, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 14 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
MAAKE M T  
MUNICIPAL MANAGER

31/08/2010  
DATE

**MOPANI DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

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**MOPANI DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	2010 R	2009 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	2	23 980 909	229 582
Other receivables	3	455 589	819 295
VAT receivable	4	20 611 227	55 253 393
Cash and cash equivalents	5	143 328 021	35 658 646
<b>Non-current assets</b>			
Property, plant & equipment	6	150 622 530	66 066 488
Intangible assets	7	210 228	-
<b>Total assets</b>		<b>339 208 504</b>	<b>158 027 404</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	57 663 023	55 470 640
Current portion of finance lease obligation	9	202 901	553 092
<b>Non-current liabilities</b>			
Finance lease liability	9	898 235	202 901
<b>Total liabilities</b>		<b>58 764 159</b>	<b>56 226 633</b>
		<b>280 444 345</b>	<b>101 800 771</b>
<b>Net Assets</b>			
Accumulated surplus/(deficit)		280 444 346	101 800 771
		<b>280 444 346</b>	<b>101 800 771</b>



**MOPANI DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>REVENUE</b>			
Finance income	10	4 042 763	13 556 582
Government grants and subsidies received - operating	11	363 623 705	311 606 166
Government grants and subsidies received - capital	11	254 041 000	147 747 385
Other revenue	12	1 669 999	709 941
Rental of facilities		2 280	3 420
<b>Total Revenue</b>		<b>623 379 747</b>	<b>473 623 494</b>
<b>EXPENDITURE</b>			
Employee related costs	13	57 481 161	44 044 207
Remuneration of councillors	14	5 805 254	5 701 223
Bad debts		-	19,212,875
Depreciation and amortisation expense	15	3 116 883	2 737 765
Finance cost	16	201 485	249 454
Repairs and maintenance		191 433 433	138 559 673
General expenses	17	92 142 939	156 995 391
Contracted services	18	1 203 497	1 533 075
Contribution to projects	19	54 704 418	195 559 922
Grants and subsidies paid	20	38 474 817	30 401 696
<b>Total Expenditure</b>		<b>444 563 886</b>	<b>594 995 281</b>
Gain/(Loss) on disposal of assets	21	(172,286)	-
Gain/(Loss) on fair value adjustment	22		12,750
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>178 643 576</b>	<b>(121 359 037)</b>

**MOPANI DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	Pre GRAP Reserves & Funds	Accumulated Surplus/ (Deficit)	Total: Net Assets
	R	R	R
Balance at 1 July 2008	48 469 652	161 200 627	209 670 279
GRAP implementation (note 23)	(48 469 652)	39 825 089	(8 644 563)
Restated balance	-	201 025 716	201 025 716
Surplus/(deficit) for the period Previous years adjustments		(121 359 037) 22 134 092	(121 359 037) 22 134 092
Balance at 30 June 2009	-	101 800 771	101 800 771
Changes in equity for 2010			
Surplus/(deficit) for the period		178 643 575	178 643 575
Balance at 30 June 2010	-	280 444 346	280 444 346

**MOPANI DISTRICT MUNICIPALITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		654 461 199	485 505 134
Cash paid to suppliers and employees		(466 111 938)	(596 803 762)
Cash generated from / (utilized in) operations	24	<u>191 538 394</u>	<u>(111 298 628)</u>
Finance income		4 042 763	13 556 582
Finance costs		(201 485)	(249 454)
Net cash from operating activities		<u>195 379 672</u>	<u>(97 991 500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and other assets		(88 055 438)	(45 479 813)
Net cash used in investing activities		<u>(88 055 438)</u>	<u>(45 479 813)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Raising/(Payment) of finance lease liabilities		345 143	(468 119)
Net cash used in financing activities		<u>345 143</u>	<u>(468 119)</u>
Increase/(decrease) in cash and cash equivalents		<u>107 669 377</u>	<u>(143 939 432)</u>
Cash and cash equivalents at beginning of the year		35 658 646	179 598 078
Cash and cash equivalents at end of the year		<u>143 328 021</u>	<u>35 658 646</u>

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in the previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GRAP is set out in Note 23.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED
GRAP 18 Segment Reporting	Not applicable
GRAP 21 Impairment of non-cash-generating assets	IAS 36
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007	Not applicable
GRAP 25 Employee Benefits	IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36
GRAP 103 Heritage Assets	Not applicable

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.6 RESERVES**

**1.6.1 Revaluation Reserve**

**(Realised through use)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**(If Realised on disposal)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**1.7 PROPERTY, PLANT & EQUIPMENT**

**1.7.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.7.2 Subsequent measurement - revaluation model (land and buildings)**

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

**1.7.3 Subsequent measurement - cost model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.7.4 Depreciation and impairment**

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	Years
<b>Infrastructure Assets</b>	
Water reservoirs and reticulation	15-100
Sewerage purification and reticulation	15-100
<b>Community Assets</b>	
Buildings	30
<b>Other Assets</b>	
Furniture	7 -10
Motor vehicles	7 - 10
Plant and equipment	5
IT equipment	3
Office equipment	3 - 5
Specialised vehicles	20
<b>Finance lease assets</b>	
Office equipment	5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

**1.7.5 Derecognition**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP to comply fully with this standard.

**1.8 INTANGIBLE ASSETS**

**1.8.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.8 INTANGIBLE ASSETS (cont)**

Intangible assets are initially recognised at cost.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

**1.8.2 Subsequent measurement - cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

**1.8.3 Amortisation and impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**1.8.4 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.9 NON-CURRENT ASSETS HELD FOR SALE**

**1.9.1 Initial recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.9.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.10 INVENTORIES**

**1.10.1 Initial recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.10.2. Subsequent measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Investment Property, GRAP 12, to comply fully with this standard..

**1.11 FINANCIAL INSTRUMENTS**

**1.11.1 Initial recognition**

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

**1.11.2. Subsequent measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.



**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.11 FINANCIAL INSTRUMENTS (cont)**

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

**1.11.2.1 Trade and other receivables**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

**1.11.2.2 Trade payables and borrowings**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**1.11.2.3 Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.11 FINANCIAL INSTRUMENTS (cont)**

**1.11.3 Impairment**

• An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The municipality has complied with the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets, GRAP 19, in order to comply fully with this standard.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.13 LEASES**

**1.13.1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

**1.13.2 The Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

**1.14 REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

**1.14.1 Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for goods sold, the value of which approximates the consideration received or receivable.

**Interest, royalties and dividends**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

**1.14.2 Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.14 REVENUE RECOGNITION**

**Public donations and contributions**

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

**Other**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

The municipality complied with Directive 3 of February 2008, on initial adoption of the standard of on Revenue from Exchange Transactions, GRAP 9, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

**Government grants, transfers and donations**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

**1.15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.16 EMPLOYEE BENEFITS**

**1.16.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

**1.16.2 Termination Benefits**

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**1.16.3 Retirement benefits**

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

**Post employment medical care benefits**

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

**1.17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.18 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.20 VALUE ADDED TAX (VAT)**

The municipality accounts for Value Added Tax on the invoice basis.

**1.21 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment  
Recoverable amounts of property, plant and equipment  
Impairment of assets  
Provision for long-term service award  
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets  
Provisions  
Other

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>2. INVENTORIES</b>		
Consumable stores - at cost	541 655	229 582
Projects - work in progress	23 439 255	
	<u>23 980 909</u>	<u>229 582</u>

Projects in progress refers to assets that are currently under construction and once completed will be transferred to the local municipalities.

	Gross Balances	Provision for Doubtful Debts	Net Balance
<b>3. OTHER RECEIVABLES</b>			
<b>30 June 2010</b>			
Blyderiver Water	12 417 327	(12 417 327)	-
Officials	54 761		54 761
Councillors	326 161	( 314 256)	11,905
Service Providers	2 212 997	(1 942 417)	270,580
Accrued interest	118 343		118 343
	<u>15 129 589</u>	<u>(14 674 000)</u>	<u>455 589</u>
<b>30 June 2009</b>			
Blyderiver Water	12 417 327	(12 417 327)	-
Officials	1 269 913	( 731 993)	537 920
Councillors	314 256	( 314 256)	-
Service Providers	2 248 349	(2 248 349)	-
Municipalities	445 000	( 163 675)	281 325
Accrued interest	50		50
	<u>16 694 895</u>	<u>(15 875 600)</u>	<u>819 295</u>

<b>4. VAT RECEIVABLE</b>		
VAT receivable	<u>20 611 227</u>	<u>55 253 393</u>

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash at bank	19,035,072	15,574,214
Call deposits	124 292 949	20 084 432
	<u>143 328 021</u>	<u>35 658 646</u>

The municipality has the following bank accounts:

**Current account (primary bank account)**

Bank: ABSA

Account number: 405 277 1364

Bank statement balance at beginning of year	<u>16 340 979</u>	<u>18 414 190</u>
Bank statement balance at end of year	<u>27 333 724</u>	<u>16 340 979</u>
Cash book balance at beginning of year	<u>15 574 214</u>	<u>8 254 063</u>
Cash book balance at end of year	<u>19 035 087</u>	<u>15 574 214</u>

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**6. PROPERTY, PLANT & EQUIPMENT**

**OWNED ASSETS:**

<b>6.1 Reconciliation of Carrying Value 30 June 2010</b>	<b>Land R</b>	<b>Buildings R</b>	<b>Infrastructure</b>	<b>Other Assets R</b>	<b>Total R</b>
Carrying values at beginning of the year	11,229,500	47 580 280		6 650 028	65 459 808
Cost	11,229,500	49 663 366		15 129 196	76 022 062
Accumulated depreciation	-	(2 083 086)		(8 479 168)	(10 562 254)
Acquisitions	-			5 021 912	5 021 912
Capital under construction		5,917,421	75 761 442		81 678 863
Depreciation		(1 035 381)		(1 588 254)	(2 623 635)
Carrying value of disposals	-	-		0	0
Cost					0
Accumulated depreciation					0
Carrying value at end of the year	11 229 500	52 462 320	75 761 442	10 083 688	149 636 948
Cost	11 229 500	55 580 787	75 761 442	20 151 108	162 722 837
Accumulated depreciation	-	(3 118 467)	0	(10 067 422)	(13 185 889)

<b>Reconciliation of Carrying Value 30 June 2009</b>	<b>Land R</b>	<b>Buildings R</b>	<b>Other Assets R</b>	<b>Total R</b>
Carrying values at beginning of the year	3 460 000	12 711 708	6 050 255	22 221 963
Cost	3 460 000	14 158 601	12 923 848	30 542 249
Accumulated depreciation		(1 446 893)	(6 873 393)	(8 320 288)
Acquisitions	7 769 500	16 902 842	2 205 548	26 877 890
Capital under construction		18 601 923		18 801 923
Depreciation		(638 193)	(1 605 775)	(2 241 988)
Carrying value at end of the year	11,229,500	47,580,280	6,650,028	65,459,808
Cost	11,229,500	49,663,366	15,129,196	76,022,062
Accumulated depreciation – cost	-	(2 083 086)	(8 479 168)	(10 562 254)

**FINANCE LEASE ASSETS:**

	<b>2010</b>	<b>2009</b>
<b>6.2 Reconciliation of Carrying Value</b>		
Carrying values at beginning of the year	808 680	1 102 478
Cost	2 478 982	2 478 982
Accumulated depreciation	(1 872 302)	(1 376 506)
Acquisitions	1 134 864	
Depreciation	(483 676)	(495 796)
Disposal of asset	(172 286)	
Cost	(2 223 045)	
Accumulated depreciation	2 050 759	
Carrying value at end of the year	1,085,582	606,680
Cost	1,390,801	2,478,982
Accumulated depreciation	(305 219)	(1 872 302)
The above office equipment is pledged as security for deemed finance leases.		
<b>Total property, plant and equipment</b>	<b>150 622 530</b>	<b>66 066 488</b>

**6.3 Transitional provisions in terms of directive 4**

The Municipality has taken advantage of the Property, Plant and Equipment transitional provisions in terms of paragraphs .75 and .78 of Directive 4 of February 2008. The three year transitional period lapses on 30 June 2012.



**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

2010
2009

R
R

7.

INTANGIBLE ASSETS

Computer software

Reconciliation of Carrying Value

Carrying values at beginning of the year

Cost

Accumulated amortisation

Acquisitions

Amortisation

Carrying value at end of the year

Cost

Accumulated amortisation

-

-

-

219 799

( 9 571)

210,228

219,799

( 9 571)

-

-

-

-

-

-

-

8.

TRADE AND OTHER PAYABLES

Trade creditors

Salaries

Staff leave

Retentions

Bonus provision

Total Trade and Other Payables

24,136,095

(19,090)

6,694,986

26,016,529

834,503

57,663,023

32,854,002

(18,249)

4,680,232

17,120,152

834,503

55,470,640

9.

FINANCE LEASE LIABILITY

30 June 2010

Amounts payable under finance leases

Within one year

Within two to five years

Less: Amount due for settlement within 12 months (current portion)

30 June 2009

Amounts payable under finance leases

Within one year

Within two to five years

Less: Amount due for settlement within 12 months (current portion)

The liability is secured by office equipment under deemed finance leases with a carrying value of R1 085 582 (2009: R606 680). The effective interest rate is 11% and is repayable in 36 equal instalments of which the first was paid in May 2005. The last instalment is payable during April 2013.

Minimum lease payment

Future finance charges

Present value of lease payments

467,885

103,944

363,941

817,388

80,193

737,195

1 285 273

184 137

1 101 136

( 202 901)

898 235

747,742

194,650

553,092

220,897

17,996

202,901

968,639

212,646

755,993

(553,092)

202,901

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>10. FINANCE INCOME</b>		
Cash and cash equivalents	109 437	2 161 681
External investments	3 933 325	11 394 901
	<u>4 042 763</u>	<u>13 556 582</u>
<b>11. GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
<i>Operating Grants</i>	363 623 705	311 606 166
Equitable share	292 113 070	234 253 609
Finance management Grant	750 000	250 000
Municipal Systems Improvement Grant	735 000	735 000
DWAF	69 354 000	71 940 000
Other	671 635	4 427 557
<i>Capital Grants</i>	254 041 000	147 747 385
Municipal Infrastructural Grant	254 041 000	132 213 000
DWAF Regional Bulk		10 000 000
Office of the Premier		5 534 385
<b>Total Government Grants &amp; Subsidies</b>	<u>617 664 705</u>	<u>459 353 551</u>
<b>11.1 Equitable Share</b>		
In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.		
<b>11.2 Finance Management Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	750 000	250 000
Conditions met – transferred to revenue	<u>( 750 000)</u>	<u>( 250 000)</u>
	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
<b>11.3 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	735 000	735 000
Conditions met – transferred to revenue	<u>( 735 000)</u>	<u>( 735 000)</u>
	-	-
The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
<b>11.4 Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	254 041 000	132 213 000
Conditions met – transferred to revenue	<u>(254 041 000)</u>	<u>(132 213 000)</u>
	-	-
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met. No funds have been withheld.		

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>11. GOVERNMENT SUBSIDIES &amp; GRANTS (cont)</b>		
<b>11.5 DWAF</b>		
Balance unspent at beginning of year	69,354,000	71,940,000
Current year receipts	(69 354 000)	(71 940 000)
Conditions met – transferred to revenue	<u>-</u>	<u>-</u>
Unspent amount transferred to liabilities		
The grant was utilised to fund the transfer of water schemes from DWAF.		
<b>11.6 Other</b>		
Public Transport Grant	-	129,310
Fire engine grant	-	1,250,000
Drought Relief grant	-	1,750,134
LGSETA	335,035	298,113
DPLG - MPRA	-	500,000
DLGH - MPRA	-	500,000
Extended Public Works program	<u>336,600</u>	<u>-</u>
	<u>671,635</u>	<u>4,427,557</u>
<b>11.7 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>12. OTHER REVENUE</b>		
Donations	-	300,000
Mayor's charity cup	343,910	118,355
Tender documents	812,000	99,600
Supplier registrations	-	144,700
Penalties on projects	389,089	
Sundry	125,000	47,286
Total Other Income	<u>1,669,999</u>	<u>709,941</u>
<b>13. EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	39 597 256	28 419 841
Employee related cost - Social contributions	8 637 733	6 806 121
Travel, motor car, accommodation & other allowances	3 283 440	2 797 509
Housing benefits and allowances	1 151 729	1 067 492
Overtime benefits	1 234 551	2 324 049
Leave provision	3,576,450.75	2 176 992
Contribution bonus	-	452 203
	<u>57 481 161</u>	<u>44 044 207</u>
There were no advances paid to employees.		
Municipal Manager		
Annual remuneration	583,866	561 784
Allowances	522,951	374 523
Council Contributions	1,501	11 739
	<u>1 108 318</u>	<u>948 046</u>

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>13. EMPLOYEE RELATED COSTS (cont)</b>		
Chief Financial Officer		
Annual remuneration	443,360	421 065
Allowances	326,579	190 321
Council Contributions	148,816	100 592
	<u>918 755</u>	<u>711 978</u>
	<b>Planning &amp; Development</b>	<b>Community Services</b>
Remuneration of Individual Executive Directors 30 June 2010		
Annual remuneration	451 967	423 800
Allowances	353 814	400 221
Council Contributions	1 501	1 501
	<u>807 282</u>	<u>825 522</u>
	<b>Corporate Services</b>	<b>Technical Services</b>
Remuneration of Individual Executive Directors 30 June 2010		
Annual remuneration	459 117	423 827
Allowances	255 678	370 034
Council Contributions	111 689	1 501
	<u>826 484</u>	<u>795 362</u>
	<b>Planning &amp; Development</b>	<b>Community Services</b>
Remuneration of Individual Executive Directors 30 June 2009		
Annual remuneration	407 091	409 091
Allowances	271 394	162 836
Council Contributions	8 003	108 558
	<u>686 488</u>	<u>680 485</u>
	<b>Corporate Services</b>	<b>Technical Services</b>
Remuneration of Individual Executive Directors 30 June 2009		
	419 598	412 788
	133 626	275 192
	111 927	8 222
	<u>665 151</u>	<u>696 202</u>
No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		
<b>14. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	604 328	554 741
Speaker	570 727	446 844
Mayoral Committee members	2 952 295	2 672 540
Councillors	1 677 904	2 027 098
	<u>5 805 254</u>	<u>5 701 223</u>

The Executive Mayor, Speaker, Chief Whip and members of the Mayoral Committee are full time. Each is provided with an office and secretarial support at the cost of Council.

The Mayor has use of a Council owned vehicle for official duties and has a bodyguard.

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>15. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	3 107 312	2 737 765
Intangible assets	9,571	
	<u>3 116 883</u>	<u>2 737 765</u>
<b>16. FINANCE COSTS</b>		
Finance leases	<u>201 485</u>	<u>249 454</u>
<b>17. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Advertising	1,839,686	409,474
Audit fees	2,037,862	2,053,596
Catering	664,597	566,749
Conference and congresses	142,535	432,607
Fuel	910,179	1,280,423
Insurance	878,361	1,691,166
Legal expenses	5,057,569	8,562,962
Turnaround strategies	7,599,717	6,443,541
Publicity	120,052	460,474
Printing and stationery	836,131	560,370
Rental	1,048,100	1,176,225
Commission VAT recovery	-	8,151,959
LNW bulk water	-	14,439,854
Technical assistance	-	1,831,823
Subsistence and travel	682,899	2,451,085
Telephone	1,441,058	1,025,248
Training	1,110	545,269
Performance management	4,979,311	8,352,695
SALGA membership fees	644,927	883,458
Mopani household sanitation	29,148,352	71,658,987
Other	34,110,483	24,017,426
	<u>92 142 939</u>	<u>156 995 391</u>
<b>18. CONTRACTED SERVICES</b>		
Contracted services for:		
Computer services	<u>1 203 497</u>	<u>1 533 075</u>
<b>19. CONTRIBUTIONS TO PROJECTS</b>		
Project expenditure	<u>54 704 418</u>	<u>195 559 922</u>
<b>20. GRANTS AND SUBSIDIES PAID</b>		
Grants paid to local municipalities	<u>38 474 817</u>	<u>30 401 696</u>

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>21. GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		
Property, plant and equipment	<u>172 286</u>	<u>-</u>
<b>22. GAIN/(LOSS) ON FAIR VALUE ADJUSTMENT</b>		
Property, plant and equipment	<u>-</u>	<u>12 750</u>
Movable assets were not captured in the register and these were fair valued so as to determine the deemed cost of the asset.		
<b>23. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -		
<b>23.1 Statutory Funds</b>		
Balance previously reported: -		48 469 652
Loans Redeemed and Other Capital Receipts		<u>48 469 652</u>
Total (credited to Accumulated Surplus) (see 23.4 below)		
<b>23.2 Property, plant and equipment</b>		
Balance previously reported		
Implementation of GRAP		( 202 641)
Assets duplicated		1 254 870
Finance leased assets previously not recognised		<u>1 052 229</u>
Total (credited to Accumulated Surplus) (see 23.4 below)		
<b>23.3 Accumulated Depreciation</b>		
Balance previously reported		-
Implementation of GRAP		1,446,893
Backlog depreciation: Buildings		8,249,898
Backlog depreciation: Other		<u>9,696,791</u>
Total (debited to Accumulated Surplus) (see 23.4 below)		
<b>23.4 Accumulated Surplus</b>		
Implementation of GRAP		48,469,652
Transferred from statutory funds (see 23.1 above)		1,052,229
Property, plant & equipment adjustments (see 23.2 above)		(9,696,791)
Backlog depreciation (see 23.4 above)		<u>39,825,090</u>
Total		

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>24. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
Net surplus/(deficit) for the year	178 643 575	(121 359 037)
Adjustment for:		
Prior year adjustments		22 134 092
Depreciation and amortisation charges	3 116 883	2 737 765
Loss on disposal of assets	172 286	
GRAP implementation		(45 556 259)
Fair value adjustment		( 12 750)
Finance income	(4 042 763)	(13 556 582)
Finance costs	201 485	249 454
Operating surplus before working capital changes	<u>178 091 466</u>	<u>(155 363 317)</u>
(Increase)/decrease in inventories	(23 751 327)	101 291
(Increase)/decrease in other receivables	363 706	25 438 222
(Increase)/decrease in VAT receivable	34 642 166	
Increase/(decrease) in trade payables and other payables	2 192 383	18 525 176
Net cash from operating activities	<u><u>191 538 394</u></u>	<u><u>(111 298 628)</u></u>
<b>25. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
<b>25.1 Contribution to SALGA</b>		
Council membership fees payable	644 927	883 458
Amount paid current year	<u>( 644 927)</u>	<u>( 883 458)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>25.2 Audit Fees</b>		
Current year audit fee	2 037 862	2 053 596
Amount paid current year	<u>(2 037 862)</u>	<u>(2 053 596)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>25.3 VAT</b>		
VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in notes 4. All VAT returns have been submitted by the due date throughout the year.		
<b>25.4 PAYE &amp; UIF</b>		
Current payroll deductions	9 732 443	
Amount paid current year	<u>(9 732 443)</u>	
	<u><u>-</u></u>	<u><u>-</u></u>
<b>25.5 Pension and Medical Aid Deductions</b>		
Current payroll deductions	11 831 793	
Amount paid current year	<u>(11 831 793)</u>	
	<u><u>-</u></u>	<u><u>-</u></u>
<b>26. COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for	<u><u>-</u></u>	<u><u>-</u></u>
The expenditure will be financed from:		
- Government Grants	<u><u>-</u></u>	<u><u>-</u></u>

**MOPANI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27. DEVIATIONS FROM SUPPLY CHAIN</b>		
Refer to Appendix E for details relating to deviation from supply chain processes.		
<b>28. CONTINGENT LIABILITIES</b>		
<b>28.1 Palm Nursery Trust/Mopani District Municipality</b>		
<b>Veld fire at portion 82 of the Broederstroomdrift.</b>		
Palm kwekery Trust is the owner of the portion 26 of the Farm Broederstroomdrift. Palm kwekery Trust alleges that a veld fire started on the farm which belongs to Mopani District Municipality (Portion 82). They allege that the farm was not properly maintained in terms of the Act of prevention of veld fires 101 of 1998 in that no fire prevention roads and or strips were made on the farm and that the fire started on the Mopani District Municipality property. They also allege that the fire spread from the Mopani District Municipality's property to their property causing damaged in the amount of R 1 360 000.00 ( one million three hundred and sixty thousand rand. )		
<b>28.2 Magnavolt Trading 208 CC/Bohiabela District Municipality and Big Sunday Construction CC</b>		
Big Sunday Construction cc subcontracted certain portions of the work including construction of the pavilion to Magnavolt trading 208 CC. Magnavolt Trading 208 CC is claiming an amount of R197 437.00 from Mopani District Municipality as a successor in title to Bohlabela District Municipality on issues related to cession. The matter is still pending.		
<b>28.3 JD Visser / Mopani District Municipality</b>		
Mr J.O Visser was an employee of Mopani District Municipality and was dismissed following a case of misconduct which was leveled against him. Mr Visser approached the Labour Court to have the decision set aside and an order was granted that he be paid a twelve months salary of R185 462.06. Mr Visser then filed an appeal. The matter is still pending.		
<b>29. COMPARISON WITH THE BUDGET</b>		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure D(1) and Q(2)		



MOPANI DISTRICT MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions	Under Construction	Revaluation	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE</b>											
Water reservoirs & reticulation	-	-	75,640,496	-	-	75,640,496	-	-	-	-	75,640,496
Sewerage purification & reticulation			75,640,496			75,640,496					75,640,496
<b>COMMUNITY ASSETS</b>											
Land	60,892,866	5,917,421	-	-	-	66,810,287	2,083,086	1,035,381	-	3,118,467	63,691,820
Buildings	11,229,500					11,229,500					11,229,500
	49,663,366	5,917,421				55,580,787	2,083,086	1,035,381		3,118,467	52,462,320
<b>OTHER ASSETS</b>											
Computer equipment	15,129,196	5,021,912	-	-	-	20,151,108	8,479,188	1,588,254	-	10,067,422	10,083,686
Furniture	1,630,793	411,100				2,041,893	1,077,544	178,305		1,255,849	786,044
Motor vehicles	915,325	-				915,325	372,441	104,489		476,930	438,395
Office equipment	9,474,177	176,400				9,650,577	5,749,396	1,094,017		6,843,413	2,807,164
Specialised vehicles	548,666	17,222				565,888	369,709	44,242		413,951	151,937
Plant & equipment	2,459,791	-				2,459,791	828,821	160,451		989,272	1,470,519
	100,444	4,417,190				4,517,634	81,257	8,750		88,007	4,429,627
<b>TOTAL</b>	<b>76,022,062</b>	<b>10,939,333</b>	<b>75,640,496</b>	<b>-</b>	<b>-</b>	<b>162,601,891</b>	<b>10,562,254</b>	<b>2,823,635</b>	<b>-</b>	<b>13,385,889</b>	<b>149,416,002</b>

# MOPANI DISTRICT MUNICIPALITY

## APPENDIX B SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010

	HISTORICAL COST					ACCUMULATED DEPRECIATION				
	Opening Balance	Additions	Under Construction	Fair Value	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
	R	R			R	R	R	R	R	R
<b>EXECUTIVE COUNCIL</b>	1 400 617	-	-	-	-	1 400 617	468 402	180 285	-	656 687
General Council	543 228					543 228	233 107	67 485		300 602
Executive Mayor	866 389					866 389	233 295	122 750		356 085
<b>FINANCE &amp; ADMINISTRATION</b>	25 774 780	426 405	-	-	-	26 201 205	5 901 547	1 217 056	-	7 118 603
Municipal Manager	22 467 095					22 467 095	3 660 340	881 878		4 542 218
Budget & Treasury	3 110 332	376 012				3 495 344	2 132 150	317 088		2 440 838
Corporate Services	188 363	50 483				238 846	100 057	17 430		128 547
<b>PLANNING &amp; DEVELOPMENT</b>	3 183 079	230 175				3 414 154	169 344	35 768		205 112
<b>TECHNICAL SERVICES</b>	20 113 606	4 336 140	75 640 498			100 090 242	805 400	366 306		1 271 794
<b>COMMUNITY SERVICES</b>	18 540 070	29 102	5 917 421			22 486 593	3 119 473	814 221		3 933 694
<b>TOTAL</b>	76 022 062	5 021 912	81 557 917	-	-	162 601 891	10 562 254	2 623 636	-	13 185 890
										149 416 001

MOPANI DISTRICT MUNICIPALITY

APPENDIX C  
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	2009 Actual Income R	2009 Actual Expenditure R	2009 Actual Surplus/ (Deficit) R	2010 Actual Income R	2010 Actual Expenditure R	2010 Actual Surplus/ (Deficit) R
<b>EXECUTIVE COUNCIL</b>						
Council General					20,384,318	(20,384,318)
Office Bearers					9,444,068	(9,444,068)
<b>FINANCE &amp; ADMINISTRATION</b>					10,940,250	(10,940,250)
Finance				623,379,747	106,263,794	517,115,953
Information technology				623,379,747	74,623,731	548,756,016
Human resources					8,624,308	(8,624,308)
Property services					541,642	(541,642)
Administrative services					16,908,091	(16,908,091)
Supply Chain					1,836,143	(1,836,143)
Develop & communication					3,039,798	(3,039,798)
Youth Desk					690,082	(690,082)
Estates						
<b>PLANNING &amp; DEVELOPMENT</b>					7,436,837	(7,436,837)
IDP/LED					5,046,572	(5,046,572)
Town planning					2,390,265	(2,390,265)
<b>ROAD TRANSPORT</b>					882,420	(882,420)
Vehicle licensing & testing						
Public Works					882,420	(882,420)
Workshop						
Mechanical						
<b>COMMUNITY &amp; SOCIAL SERVICES</b>					1,784,602	(1,784,602)
Libraries					1,784,602	(1,784,602)
Cemeteries						
<b>PUBLIC SAFETY</b>					16,103,039	(16,103,039)
Fire					16,103,039	(16,103,039)
Traffic						
<b>SPORT &amp; RECREATION</b>						
Sport & recreation						
<b>WASTE WATER MANAGEMENT</b>					5,925,252	(5,925,252)
Sewerage					5,925,252	(5,925,252)
<b>WASTE MANAGEMENT</b>						
Refuse removal						
<b>WATER</b>					199,351,719	(199,351,719)
Water					199,351,719	(199,351,719)
<b>ELECTRICITY</b>					756,821	(756,821)
Electricity distribution					756,821	(756,821)
<b>Total</b>				523,379,747	358,888,802	264,490,945

MOPANI DISTRICT MUNICIPALITY

APPENDIX D (1)  
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 10% versus budget
<b>REVENUE</b>					
Finance income	4 042 763	5 532 000	1 489 237	26.92	
Government grants and subsidies received - operating	363 623 705	385 559 000	21 935 295	5.69	
Government grants and subsidies received - capital	254 041 000	194 985 000	(59 056 000)	(30.29)	
Other revenue	1 669 999	3 326 000	1 656 001	49.79	
Rental of facilities	2 280	16 000	13 720	85.75	
<b>Total Revenue</b>	<b>623 379 747</b>	<b>589 418 000</b>	<b>(33 961 747)</b>	<b>(5.76)</b>	
<b>EXPENDITURE</b>					
Employee related costs	57 481 161	59 466 996	1 985 835	3.34	
Remuneration of councillors	5 805 254	7 545 505	1 740 251	23.06	
Bad debts	0	0	0		
Depreciation and amortisation expense	3 116 883	0	0		Implementation of GRAP
Finance cost	201 485	0	0		
Repairs and maintenance	191 433 433	97 620 100	(93 813 333)	(96.10)	
General expenses	92 142 939	119 911 749	27 768 810	23.16	
Contracted services	1 203 497				
Contribution to projects	54 704 418				
Grants and subsidies paid	38 474 817				
<b>Total Expenditure</b>	<b>350 181 155</b>	<b>284 544 350</b>	<b>(62 318 437)</b>	<b>(21.90)</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>273 198 592</b>	<b>304 873 650</b>	<b>28 355 690</b>		

MOPANI DISTRICT MUNICIPALITY

APPENDIX O (2)  
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
FOR THE YEAR ENDEO 30 JUNE 2010

	2010 Actual R	2010 Under Construction R	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 5% versus budget
<b>EXECUTIVE COUNCIL</b>							
General Council							
Executive Mayor							
<b>FINANCE &amp; ADMINISTRATION</b>							
Municipal Manager	646,293						
Budget & Treasury	376,012						
Corporate Services	270,281						
<b>PLANNING &amp; DEVELOPMENT</b>							
	230,175						
<b>TECHNICAL SERVICES</b>							
	10,253,561	75,761,443	86,015,004		86,015,004	#DIV/0!	
<b>COMMUNITY SERVICES</b>							
	1,163,967	5,917,421	-				
<b>TOTAL</b>	<u>12,293,996</u>	<u>81,678,864</u>	<u>86,015,004</u>	<u>-</u>			

**MOPANI DISTRICT MUNICIPALITY**

**APPENDIX E  
DEVIATION FROM SUPPLY CHAIN PROCESSES  
SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 2010**

NO	DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
1.	15/07/2009	Corporate Directorate	Mosedl Records	12,500.00	The Service provider is preferred based on the fact that she is a local artist.
2.	09/07/2009	Office of the Executive Mayor	Birchwood Hotel	2,430.00	Other accommodation facilities within the area are fully booked hence only two quotes were received.
3.	09/07/2009	General Council	Garden Court Polokwane	1,160.99	Accommodation facilities within the area are fully booked hence only one quotation is attached.
4.	03/07/2009	General Council	Garden Court Polokwane	4,663.96	Accommodation facilities within the area are fully booked hence only one quotation is attached.
5.	27/07/2009	Fire Services	Gallos Glyani	1,730.75	The supplier assisted in catering fire fighting personnel during fire extinguishing at Mopani Spar in Glyani.
6.	22/07/2009	Water Services	Boschenthof Guesthouse	605.00	Accommodation facilities within the area are fully booked hence only one quotation is attached.
7.	15/07/2009	Office of the Executive Mayor	SAFA Mopani Region	8,000.00	Sole Supplier.
8.	15/07/2009	Corporate Services	Giyani Friendly Supermarket	4,100.00	Given short notice to arrange the madiba cake, other service providers were unable to quote due to the time frame.
9.	24/07/2009	Water Services	Oceansite Trading	553,407.30	The matter was urgent as the people of Gravelotte had no water.
10.	24/07/2009	Water Services	Oceansite Trading	796,227.30	The matter was urgent as the people of Gravelotte had no water.
11.	14/07/2009	Office of the Executive Mayor	Busisani Trading	1 379.70	Several attempts to obtain quotation from other service providers were made and only two quotations were received.
12.	17/07/2009	Budget & Treasury	Karibu Leisure Resort	3,898.03	The gala dinner for Mayor's Inauguration was held at Karibu Leisure Resort and beverages were
13.	15/07/2009	Corporate Services		5,000.00	The Service provider is preferred based on the fact that they are a locally based Choir.
14.	10/06/2009	Fire Services	Motolek	2,177.56	The Service provider specialises in electrical and wiring services and is locally based hence there is only quotation attached.
15.	06/07/2009	Office of the Executive Mayor	Maloa Botshiba Entertainment and	8,000.00	The Service provider is preferred based on the fact that he is a local artist.
16.	16/07/2009	Office of the Executive Mayor	Garden Court Hatfield	1,444.50	Accommodation facilities within the area are fully booked hence only one quotation is attached.
17.	07/05/2009	Planning & Development	Triple K Travel Services	10,370.00	Due to the urgency of the matter and the nature of the event only one quotation has been acquired.
18.	10/07/2009	Office of the Executive Mayor	Gift & Jewellery	17,363.00	The service provider is a Sole Supplier.
19.	06/07/2009	Community Services	Vaendzi Travelling Agency	32,895.00	secure flights for the required date.
20.	21/07/2009	Community Services	Boivia Lodge	620	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
21.	17/07/2009	Corporate Services	A.K Mobile Fridges	2,192.22	Several attempts with other services were made and only one quotation was received.

**MOPANI DISTRICT MUNICIPALITY**

NO	DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
22.	21/05/2009	Office of the Executive Mayor	Fairview River Lodge	7,700.00	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
23.	02/06/2009	Office of the Municipal Manager	Madorts All Trade	2,450.00	Only one quotation was acquired due to the urgency of the matter.
24.	28/07/2009	Fire Services	Jv Hidrolies BK	3,150.71	The service provider is recommended based on the fact that they are the only dealer that has capacity to repair fire fighting machine locally
25.	15/07/2009	Office of the Executive Mayor	Mamaila Cultural Group	2,000.00	The Service provider is preferred based on the fact that they are locally based traditional dance performers.
26.	15/07/2009	Office of the Executive Mayor	Tlptuxeni Group	2,000.00	The Service provider is preferred based on the fact that they are locally based traditional dance group.
27.	15/07/2009	Office of the Executive Mayor	Kopanong Fighters Club	2,000.00	The Service provider is preferred based on the fact that they are locally based traditional dance group.
28.	17/07/2009	Corporate Services	Tzaneen Country Lodge	4,500.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
29.	02/09/2009	Water Services	Oceansite Trading	224,032.80	Due to the urgency of the matter and the nature of the event only one quotation has been acquired.
30.	21/10/2009	Office of the Executive Mayor	Kopanong Hotel & Conference Ca	4,180.20	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
31.	05/08/2009	Office of the Municipal Manager	Oasis Lodge	5,450.00	Given short notice to arrange lunch for the presidential visit, Oasis is recommended to render the service.
32.	04/08/2009	Office of the Municipal Manager	Oasis Lodge	3,875.00	Due to the urgency of the matter only one quotation was acquired from Oasis.
33.	14/08/2009	Office of the Municipal Manager	Col. John Hotel	2,295.00	The office telephones were not working and the officer did not have enough airtime to call other service providers.
34.	19/08/2009	Water Services	Oasis Lodge	665	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
35.	13/07/2009	Budget & Treasury	Metal Art	1,174.20	Due to the urgency of the matter only one quotation was acquired from Metal Art.
36.	15/07/2009	Corporate Services	Volthan Electrical and Instrumenta	8,658.30	Sole Service Provider.
37.	13/07/2009	Office of the Executive Mayor	Blue Rain Drops	36,000.00	Several attempts with other services were made and only two quotations were received for Mobile Billboards advertising Mayors Charity Cup.
38.	06/07/2009	Office of the Executive Mayor	Tzaneen Country Lodge	3,415.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
39.	16/07/2009	Corporate Services	Karibu Leisure Resort	117,820.00	Only one quotation is attached due to the fact that other facilities are fully booked.
40.	15/07/2009	Corporate Services	Harmonie Abattoir BK	20,000.00	The service provider is only abattoir within the district that accepts government orders.
41.	17/07/2009	Corporate Services	Malba Bolshiba Entertainment	15,000.00	The Service provider is preferred based on the fact that they are locally based band.
42.	09/07/2009	Water Services	Spondo Trading	359,738.46	Due to the urgency of the matter and the nature of the event only one quotation has been acquired.
43.	15/07/2009	Corporate Services	PIB	52,950.00	The only service provider on our database that supply tents that are approved by the South African Bureau of Standards (SABS).
44.	15/07/2009	Corporate Services	In House Lifestyle Centre	8,029.00	Several attempts with other services were made. Geen & Richard & Niclus sited that the couch still needs to be manufactured hence only one quotation was received from In House Lifestyle Centre as the matter was urgent.

# MOPANI DISTRICT MUNICIPALITY

NO	DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
45.	15/07/2009	Corporate Services	Nghungunyani Traditional Dance	5,000.00	The Service provider is preferred based on the fact that they are locally based traditional dance group.
46.	09/07/2009	Office of the Executive Mayor	Baobab Promotions	6,788.70	The only service provider around Tzaneen who was available to assist us to get the required balls and vase as the stores who are selling them do not accept government orders. (Mayors Charity Cup Soccer balls)
47.	05/08/2009	Internal Audit	Park Slaghuis	365	Given short notice to arrange lunch, Park Slaghuis is recommended to provide a meat platter for the District IA Forum.
48.	19/08/2009	General Council	Garden Court Polokwane	5,904.95	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
49.	27/07/2009	Fire Services	Giyani Friendly	1,032.40	The supplier assisted in providing water & energy drinks to fire fighting personnel during the fire extinguishing at Mopani Spar.
50.	20/07/2009	Water Services	Cemo Pumps/ Amanzi Pumps	166,288.80	Emergency purchasing of spares for boreholes in Greater Giyani Municipality and the service provider is a sole manufacturer of cemo products.
51.	24/07/2009	Office of the Municipal Manager	Forever Resort Blyde Canon	5,370.00	Other accommodation facilities are 60km from the venue where the workshop will be held. Though Petzatekis has quoted low, they do not have the required stock and as this matter is urgent Sizabantu who quoted the second lowest are recommended.
52.	12/08/2009	Water Services	Sizabantu Piping Systems	25,137.00	They are the only local service provider having the specialist personnel to render the required service.
53.	20/07/2009	Fire Services	Mariti Diesel Shop	79,244.93	They are the only local service provider having the specialist personnel to render the required service.
54.	06/08/2009	Fire Services	Mariti Diesel Shop	10,769.58	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
55.	23/07/2009	General Council	Tzaneen Country Lodge	665	Due to the urgency of the matter only two quotations are attached.
56.	04/08/2009	Budget & Treasury	Mr Mixer	1,500.00	Due to the urgency of the matter and the nature of the event only one quotation has been acquired as the community was without water.
57.	02/09/2009	Water Services	Jubecca Trading	229,960.80	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
58.	02/10/2009	General Council	Garden Court Milpark	3,730.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
59.	11/09/2009	Office of the Municipal Manager	Hans Merensky	1,126.00	Due to the urgency of the matter and the nature of the event only one quotation has been acquired as the community was without water.
60.	14/08/2009	Water Services	Molatie Trading & Projects	96,500.00	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
61.	30/09/2009	General Council	Garden Court – OR Tambo	29,427.50	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
62.	23/09/2009	Community Services	Euromprime	1,035.00	Only one quotation is acquired from Protea Hotel as the venue of the workshop will be held there.
63.	23/09/2009	Budget & Treasury	Protea Hotel landmark	15,795.00	The matter was urgent and emergency work had to be done hence there is only one quotation.
64.	17/08/2009	Office of the Speaker	Malo A Bolshiba	30,000.00	Only two quotations are attached due to the fact that other accommodation facilities within the area are fully booked.
65.	26/08/2009	Community Services	M.J Gateway Lodge	639.99	



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NO	DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
66.	24/08/2010	Planning & Development	Thandabantu Guesthouse	9,210.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
67.	10/02/2010	Water Services	Garafawo Trading Enterprise	46,979.40	Due to the urgency of the matter and workers exposed to dangerous chemicals when purifying water only one quotation was acquired.
68.	25/02/2010	Planning & Development	Masorini Lodge	3,440.00	Due to the urgency of the matter and that other accommodation facilities within the area are fully booked only one quotation is attached.
69.	19/03/2010	Office of the Executive Mayor	Fairview River Lodge	695	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
70.	05/03/2010	Water Services	Tumishi Electrical	108,435.90	Due to the urgency of the matter Tumishi Electrical was requested to repair the vandalized cable at Giyani water works.
71.	02/02/2010	Budget & Treasury	Fairview River Lodge	2,290.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
72.	08/02/2010	Corporate Services	Therzoo Trading	1,400.00	Due to the urgency of the matter only one quotation has been received.
73.	27/10/2009	Office of the Executive Mayor	Maruleng Lodge	490	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
74.	04/09/2009	Office of the Executive Mayor	Hans Merensky Hotel	2,110.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
75.	07/10/2009	Office of the Municipal Manager	Moshate Lodge	1,670.00	Only one quotation is attached due to the fact that other accommodation facilities within the area are fully booked.
76.	25/11/2009	Office of the Executive Mayor	Bakhutlana Mobile Production	2,900.00	After several attempts with other service providers were made and only two quotations were received for the service.
77.	19/08/2009	Office of the Municipal Manager	Arbor Park Lodge	450	The office telephones were not working and the officer did not have enough airtime to call other service providers.
78.	15/07/2009	Office of the Executive Mayor	Harmonie Abbatoir BK	10,000.00	The service provider is only abattoir within the district that accepts government orders.